

IN THE BOARD OF SUPERVISORS

County of San Luis Obispo, State of California

_____ day _____, 20____

PRESENT: Supervisors

ABSENT:

RESOLUTION NO. _____

A RESOLUTION RELATING TO THE CERTIFICATES OF PARTICIPATION FOR COUNTY SERVICE AREA 10, ZONE OF BENEFIT "A" (CSA 10A) WATER SYSTEM IMPROVEMENT PROJECT; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY WHERE APPLICABLE OF AN INSTALLMENT SALE AGREEMENT, A PURCHASE AGREEMENT, A TRUST AGREEMENT AND AN ASSIGNMENT AGREEMENT IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER RELATED ACTIONS

WHEREAS, the County of San Luis Obispo, a political subdivision of the State of California (the "**County**"), proposes to enter into a loan financing program with the United States Department of Agriculture, acting through its agency the USDA Rural Development ("**USDA-RD**") (all references in this resolution to USDA-RD shall be deemed to include the related USDA-Rural Housing Service, also known as USDA-RHS), to finance a portion of the cost and expense of the acquisition and construction of certain improvements to the water system of County Service Area 10, Zone of Benefit A, (the "**Project**"), and in connection with the loan financing program, the County intends to cause the execution and delivery to USDA-RD of certificates of participation (the "**Certificates of Participation**"); and

WHEREAS, in support of the proposed Certificates of Participation, the County proposes to enter into a financing program with the SLO County Financing Authority, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the "**Authority**"), for the purchase to the Authority of the real property on which the water system is situated (the "**Site**"), together with the existing water system improvements (the "**Existing Facilities**") situated thereon, and the purchase by the County from the Authority of the completed Project; and

WHEREAS, to implement the foregoing, the County proposes to convey the Site and the Existing Facilities to the Authority by entering into a Purchase Agreement (the "**Purchase Agreement**"), dated as of June 1, 2013, whereby the Authority will purchase the Site and the Existing Facilities from the County for a nominal cash consideration; and

WHEREAS, to further implement the foregoing, the Authority and the County propose to execute and enter into an Installment Sale Agreement (the "**Installment Sale Agreement**"), dated as of June 1, 2013, whereby the Authority will agree to implement the Project and to sell the Site and the Existing Facilities, as improved by the completed Project (together, the "**Improved Facilities**"), to the County, and the County agrees to (a) accept appointment as the

agent of the Authority to actually implement the project; (b) to make Installment Payments on account of the agreed purchase price (which is matched up to the USDA-RD loan) from the water system revenues, and (c) maintain water system rates and charges at a level which assure the County's ability to (i) maintain the system and (ii) make timely payment of the Installment Payments and any other payment obligations secured by and payable from the water system revenues (the "**Installment Sale Payments**"); and

WHEREAS, to further implement the foregoing, the Authority and the Trustee propose to execute and enter into an Assignment Agreement (the "**Assignment Agreement**"), dated as of June 1, 2013, whereby the Authority will assign to the Trustee (as said term is defined below) all of its rights and entitlements under the Purchase Agreement and the Installment Sale Agreement, including but not limited to the entitlement to receive the Installment Sale Payments from the County; and

WHEREAS, to further implement the foregoing, the County, as agent for the Authority for implementation of the Project, will finance a portion of the costs of the Project from the proceeds of the Certificates of Participation, to be executed and delivered by the County Auditor-Controller, as trustee (the "**Trustee**") under and pursuant to a Trust Agreement (the "**Trust Agreement**"), dated as of June 1, 2013, by and among the Trustee, the Authority and the County; and

WHEREAS, the County is in receipt of a Letter of Conditions, dated November 8, 2012, (the "**Letter of Conditions**"), from "USDA-RD," setting forth certain conditions to be satisfied by the County with respect to receipt from USDA-RD of funding for the Project, comprised of a loan in the amount of not-to-exceed \$1,621,000 to be represented by the Certificates of Participation; and

WHEREAS, in furtherance of receiving the loan and grant from USDA-RD, this Board of Supervisors, ("**Board**") wishes to authorize and direct all officers and employees of the County to execute and deliver such documents and to take such other actions as may be required to satisfy the conditions set forth in the Letter of Conditions and to otherwise facilitate the execution and delivery to USDA-RD of the Certificates of Participation in exchange for receipt of the proceeds of the loan, which are to be received in a series of multiple advances on account of the total authorized loan amount; and

WHEREAS, without limiting the generality of the foregoing recital paragraph, in anticipation of receipt from USDA-RD of an offer to purchase the Certificates of Participation (the "**Offer**"), this Board wishes to approve the sale of the Certificates of Participation to USDA-RD and to direct that a letter accepting the Offer be executed and submitted to USDA-RD forthwith upon receipt of the Offer; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the County is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the Project in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of the County of San Luis Obispo, acting on behalf of the County Service Area 10, Zone of Benefit A, as follows:

Section 1. The County hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the County and that the statements, findings and determinations of the County set forth above and in the preambles of the documents approved herein are true and correct.

Section 2. The form of the Purchase Agreement, presented to this meeting and on file with the Clerk of the Board of Supervisors (the "**Clerk**"), is hereby approved, and the County Administrative Officer or, in the absence of the County Administrative Officer, the County Administrative Officer's designee (the "**Administrator**," which shall be deemed to include any designee of the County Administrative Officer) is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver to the Authority the Property Lease in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of the Installment Sale Agreement, presented to this meeting and on file with the Clerk, is hereby approved, and the Administrator is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver to the Authority the Installment Sale Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the schedule of the principal and interest components of the Installment Sale Payments contained in the Installment Sale Agreement and to be attached as Exhibit B to the Installment Sale Agreement shall be determined by the Administrator upon the sale and delivery of the Certificates of Participation to USDA-RD.

Section 4. The form of the Trust Agreement, presented to this meeting and on file with the Clerk, is hereby approved, and the Administrator is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver to the Trustee and the Authority the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. Furthermore, the Auditor-Controller, as trustee, is hereby authorized and directed to execute and deliver to the County and the Authority the Trust Agreement in substantially said form, with such changes therein as the Auditor-Controller, as trustee, may require or approve, such approval to be conclusively evidenced by the execution and delivery of the Trust Agreement.

Without limiting the generality of the foregoing, the Auditor-Controller is authorized and directed to provide USDA-RD with information designating a bank account of the County from which amounts payable to USDA-RD on account of the principal of and the interest on the Certificates of Participation may be withdrawn semiannually, when due and payable, pursuant to the Preauthorized Debit procedure prescribed by USDA-RD.

Section 5. While the County is not a party to the Assignment Agreement, the form of the Assignment Agreement, presented to this meeting and on file with the Clerk, is hereby

approved, and upon execution and delivery thereof by the respective parties to the Assignment Agreement, the County will honor the Assignment Agreement and submit the Lease Payments in accordance with instructions from the Trustee pursuant to the Assignment Agreement and the Trust Agreement. Furthermore, the Auditor-Controller, as trustee, is hereby authorized and directed to execute and deliver to the Authority the Assignment Agreement in substantially said form, with such changes therein as the Auditor-Controller, as trustee, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The County, acting on behalf of CSA 10A, and the Auditor-Controller, as trustee, shall participate with the Authority in such financing whereby the County will (a) undertake the implementation of the Project as the agent of the Authority, utilizing the proceeds of sale of the Certificates of Participation for such purpose, and (b) purchase the Project from the Authority by payment of the scheduled Installment Sale Payments.

Section 7. Sale of the Certificates of Participation to the USDA-RD is hereby approved, and upon receipt of the formal offer of USDA-RD to purchase the Certificates of Participation (the "**Offer**"), the Administrator (or such other officer or representative of the County to whom the transmittal of the Offer is transmitted to the County) is hereby authorized and directed to communicate acceptance of the Offer in writing.

Section 8. The officers and employees of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or desirable in order to consummate the sale, execution and delivery of the Certificates of Participation to USDA-RD, including the completion and submission to USDA-RD of documents customarily required by USDA-RD in connection with the subject loan financing, and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, the Certificates of Participation, the Purchase Agreement, the Installment Sale Agreement, the Trust Agreement and the Assignment Agreement. All such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 9. This resolution shall take effect immediately upon its passage.

Upon motion of Supervisor _____, seconded by Supervisor _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing Resolution is hereby adopted on the ____ day of _____, 20____.

Chairperson of the Board of Supervisors

ATTEST:

Clerk of the Board of Supervisors

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: *Ann Duggan*
Deputy County Counsel

Dated: May 20, 2013

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STATE OF CALIFORNIA, } ss.
County of San Luis Obispo,

I, _____, County Clerk and ex-officio Clerk of the Board of Supervisors, in and for the County of San Luis Obispo, State of California, do hereby certify the foregoing to be a full, true and correct copy of an order made by the Board of Supervisors, as the same appears spread upon their minute book.

WITNESS my hand and the seal of said Board of Supervisors, affixed this _____ day of _____, 20 _____.

(SEAL)

County Clerk and Ex-Officio Clerk of the Board of Supervisors

By _____
Deputy Clerk.